

## § 1951.701

1. Is the lender interested in making loans to refinance rural housing borrowers? Yes: \_\_\_\_; No: \_\_\_\_.  
If later, when? \_\_\_\_\_

How much credit does the lender expect to have available in the next three to four months for making such loans? \$ \_\_\_\_\_  
In the next twelve (12) months? \$ \_\_\_\_\_

2. What are the loan terms? \_\_\_\_\_

3. What is the current interest rate? \_\_\_\_\_  
☐ Variable rate. ☐ Fixed rate.  
If variable, how is it determined? \_\_\_\_\_

4. Is a risk differential used in establishing interest rates charged for new customers? Yes: \_\_\_\_; No: \_\_\_\_.

If yes, explain: \_\_\_\_\_

5. What can a typical loan applicant be expected to pay for:

	Dollars	Or percent
a. Filing an application .....	.....	.....
b. Real estate appraisal ....	.....	.....
c. Credit report .....	.....	.....
d. Loan origination fee .....	.....	.....
e. Loan closing costs .....	.....	.....

6. Is mortgage guarantee insurance required? Yes: \_\_\_\_; No: \_\_\_\_\_. If yes, how many years? \_\_\_\_\_. Cost? \_\_\_\_\_.

7. Is there a minimum or maximum loan size policy? Yes: \_\_\_\_; No: \_\_\_\_\_.  
If yes, explain: \_\_\_\_\_

8. Is there a minimum and maximum home value the lender will loan on? Yes: \_\_\_\_; No: \_\_\_\_\_. If yes, minimum: \$ \_\_\_\_\_; maximum: \$ \_\_\_\_\_.

9. Does the lender use a loan to market value ratio? \_\_\_\_\_

10. Is there a minimum net and gross income criteria? Yes: \_\_\_\_; No: \_\_\_\_\_. If yes, net: \$ \_\_\_\_\_; gross: \$ \_\_\_\_\_.

11. Does the lender use a minimum loan or home value to income ratio? Yes: \_\_\_\_; No: \_\_\_\_\_. If yes, loan to income ratio: \_\_\_\_\_  
Value to income ratio: \_\_\_\_\_

12. Is there a percentage of gross income a typical applicant should have available to pay housing costs? \_\_\_\_\_

a. To pay for principal, interest, taxes and insurance (PITI)? \_\_\_\_%.

b. To pay for the total housing costs and other credit obligations? \_\_\_\_%.

13. Are there any age of home, housing type, site size, and/or geographic restriction policies? Yes: \_\_\_\_; No: \_\_\_\_\_.  
If yes, List: \_\_\_\_\_

14. Other Comments: \_\_\_\_\_

15. For the purpose of reducing the number of inappropriate referrals, would the lender like the opportunity to review specific borrower financial information prior to the borrower being asked to file a formal applica-

## 7 CFR Ch. XVIII (1-1-08 Edition)

tion? Yes: \_\_\_\_; No: \_\_\_\_\_. If the answer is yes, *only* those borrowers who are listed on Form FmHA or its successor agency under Public Law 103-354 1951-24 will be referred to the bank. The lenders should be advised, however, the information supplied to them will not include the borrower's name, social security number, exact address, or place of employment that could be used to link a specific borrower to the information being provided by FmHA or its successor agency under Public Law 103-354.

[48 FR 40203, Sept. 6, 1983; 48 FR 41142, Sept. 14, 1983]

### Subparts G–N [Reserved]

### Subpart O—Servicing Cases Where Unauthorized Loan(s) or Other Financial Assistance Was Received—Community and Insured Business Programs.

SOURCE: 71 FR 75852, Dec. 19, 2006, unless otherwise noted.

#### § 1951.701 Purpose.

This subpart prescribes the policies and procedures for servicing Community and Business Program loans and/or grants made by Rural Development when it is determined that the borrower or grantee was not eligible for all or part of the financial assistance received in the form of a loan, grant, or subsidy granted, or any other direct financial assistance. It does not apply to guaranteed loans. Loans sold without insurance by Rural Development to the private sector will be serviced in the private sector and will not be serviced under this subpart. The provisions of this subpart are not applicable to such loans. Future changes to this subpart will not be made applicable to such loans. This subpart does not apply to Water and Waste Programs of the Rural Utilities Service, Watershed loans, and Resource Conservation and Development Loans, which are serviced under part 1782 of this title.

[72 FR 55018, Sept. 28, 2007]

#### § 1951.702 Definitions.

As used in this subpart, the following definitions apply:

*Active borrower.* A borrower who has an outstanding account in the records

**RHS, RBS, RUS, FSA, USDA****§ 1951.708**

of the Office of the Deputy Chief Financial Officer (ODCFO), including collection-only or an unsatisfied account balance where a voluntary conveyance was accepted without release from liability of foreclosure did not satisfy the indebtedness.

*Assistance.* Finance assistance in the form of a loan, grant, or subsidy received.

*Debt instrument.* Used as a collective term to include promissory note, assumption agreement, grant agreement, or bond.

*False information.* Information, known to be incorrect, provided with the intent to obtain benefits which would not have been obtainable based on correct information.

*Inaccurate information.* Incorrect information provided inadvertently without intent to obtain benefits fraudulently.

*Inactive borrower.* A former borrower whose loan(s) has been paid in full or assumed by another party(ies) and who does not have an outstanding account in the records of the ODCFO.

*Recipient.* "Recipient" refers to an individual or entity that received a loan, or portion of a loan, an interest subsidy, a grant, or a portion of a grant which was unauthorized.

*Rural Development.* A mission area within the U.S. Department of Agriculture consisting of the Office of the Under Secretary for Rural Development, Office of Community Development, Rural Business-Cooperative Service, Rural Housing Service, and Rural Utilities Service and their successors.

*Unauthorized assistance.* Any loan, interest subsidy, grant, or portion thereof received by a recipient for which there was no regulatory authorization or for which the recipient was not eligible. Interest subsidy includes subsidy benefits received because a loan was closed at a lower interest rate than that to which the recipient was entitled, whether the incorrect interest rate was selected erroneously by the approval official or the documents were prepared in error.

**§ 1951.703 Policy.**

When unauthorized assistance has been received, an expeditious effort

must be made to collect from the recipient the sum which is determined to be unauthorized, regardless of amount.

**§§ 1951.704–1951.705 [Reserved]****§ 1951.706 Initial determination that unauthorized assistance was received.**

Unauthorized assistance may be identified through audits conducted by the USDA Office of Inspector General (OIG), through reviews made by Rural Development personnel, or through other means such as information provided by a private citizen who documents that unauthorized assistance has been received by a recipient of Rural Development assistance.

**§ 1951.707 Determination of the amount of unauthorized assistance.**

(a) *Unauthorized loan amount.* The unauthorized loan amount will be the unauthorized principal plus any interest accruing on the unauthorized principal at the note interest rate until the date paid unless otherwise agreed in writing by Rural Development.

(b) *Unauthorized grant amount.* The unauthorized amount will be the unauthorized grant amount actually expended under the grant agreement plus interest accrued beginning on the date of the demand letter at the interest rate stipulated in the applicable grant agreement, or, if none is stated, the default rate established by the U.S. Department of the Treasury, until the date paid unless otherwise agreed in writing by Rural Development.

**§ 1951.708 Notification to recipient.**

(a) Upon determination that unauthorized assistance was received, Rural Development will send a demand letter to the recipient that:

(1) Specifies the amount of unauthorized assistance, including any accrued interest to be repaid, and the standards for imposing accrued interest;

(2) States the amount of penalties and administrative costs to be paid, the standards for imposing them, and the date on which they will begin to accrue;

(3) Provides detailed reason(s) why the assistance was determined to be unauthorized;